

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

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TO SECSTATE WASHDC 793

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E.O. 11652: N/A

TAGS: ENRG EINV CG

SUBJ: PETROLEUM COMPANY NEGOTIATIONS

REF: KINSHASA 9813

1. MOBIL REP DUBRULE HAS ADVISED EMBASSY THAT NEGOTIATIONS WITH THE GOZ ON THE TERMS UNDER WHICH MOBIL WILL RESUME PARTICIPATION IN ZAIRE'S PETROLEUM DISTRIBUTION INDUSTRY ARE NOW PROCEEDING SATISFACTORILY. THERE ARE THREE PRINCIPAL ISSUES OUTSTANDING: (A) PAYMENT FOR 40 PERCENT GOZ PARTICIPATION; (B) THE AMOUNT OF WORKING CAPITAL TO BE RESTORED TO THE MOBIL; (C) PERSONNEL POLICY.

2. EARLIER MOBIL HAD GAINED IMPRESSION THAT THE GOZ WOULD NOT INSIST ON TAKING IMMEDIATE 40 PERCENT EQUITY PARTICIPATION BUT WOULD ACQUIRE EQUITY AS IT WAS ABLE TO PAY FOR IT. NOW, HOWEVER, THE GOZ HAS SAID THAT IT WISHES TO TAKE IMMEDIATE PARTICIPATION AND A METHOD MUST BE DEVISED BY WHICH PAYMENT FOR THE GOZ'S

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SHARE CAN BE FINANCED. A TECHNICAL WORKING GROUP HAS BEEN EST-

ABLISHED AND DUBRULE IS CONFIDENT THAT A SOLUTION ACCEPTABLE TO BOTH SIDES CAN BE WORKED OUT.

3. WHEN MOBIL'S ASSETS WERE TAKEN OVER BY PETROZAIRO, MOBIL HAD WORKING CAPITAL ASSETS OF ONE MILLION ZAIRES. NOW, HOWEVER, THE DEVALUATION OF THE ZAIRE AND THE INCREASE IN OIL PRICES MEAN THAT THIS LEVEL OF WORKING CAPITAL IS TOTALLY INADEQUATE TO FIN- ANCE MOBIL'S OPERATIONS. MOBIL IS ASKING THAT 3.6 MILLION ZAIRES IN WORKING CAPITAL BE RESTORED TO THE COMPANY TO ENABLE IT TO BEGIN OPERATIONS. THIS ISSUE AS WELL WILL BE NEGOTIATED BY A TECHNICAL WORKING GROUP.

4. MOBIL HAS REQUESTED AUTHORITY TO HAVE THE FINAL WORD RE- GARDING THE RETENTION OR DISMISSAL OF PERSONNEL HIRED BY PETRO- ZAIRO. THE GOZ, ON THE OTHER HAND, WANTS ASSURANCES THAT PETRO- ZAIRO EMPLOYEES WILL NOT BE DISMISSED. FINA IS PREPARED TO ACCEPT THE GOZ DEMANDS PROVIDED IT IS GIVEN A PRICE STRUCTURE THAT WOULD ALLOW IT TO COVER COSTS. MOBIL, HOWEVER, WOULD PREFER TO BE FREE TO ECONOMIZE ON PERSONNEL SHOULD THIS BE POSSIBLE. DUBURULE IS CONFIDENT THAT THIS ISSUE TOO CAN BE RESOLVED SATISFACTORILY.

5. EACH COMPANY WILL RECOVER THE SAME FIXED ASSETS THAT THEY HELD AT THE TIME OF PETROZAIRO'S TAKEOVER ALTHOUGH SHELL MAY YET DECIDE TO LEASE ITS PROPERTY TO MOBIL. FOR THE MOMENT FINA APPEARS TO HAVE SET ASIDE ITS ATTEMPTS TO GAIN HEGEMONY AND THE NEGO- TIATIONS ARE PROCEEDING VERY WELL.

6. ON NOV 27 PRES DOCTERS OF MOBIL-SOUTH, ACCCOMPANIED BY DUBRULE AND AMBASSADOR, MET WITH PRESIDENT MOBUTU. DOCTERS EXPRESSED SATISFACTION WITH PROGRESS OF NEGOTIATIONS AND TOOK OCCASION TO DISCUSS IN GENERAL TERMS SOME OF ISSUES REMAINING TO BE SETTLED. MOBUTU SEEMED PLEASED WITH TALK, ALTHOUGH HE MADE PITCH FOR US COMPANIES TO BE AS RESPONSIVE TO GOZ'S NEEDS AS HE UNDERSTOOD PETROFINA HAD BEEN.

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